

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-357-W/S - ORDER NO. 2007-135
MARCH 1, 2007

IN RE: Application of Carolina Water Service, Inc.)
for Adjustment of Rates and Charges and)
Modification of Certain Terms and)
Conditions for the Provision of Water and)
Sewer Service.)

ORDER ON REMAND

This matter comes before the Public Service Commission of South Carolina (“the Commission”) on remand from the Circuit Court, pursuant to a November 28, 2006 consent order reversing in part our Order Nos. 2005-328 and 2005-465 in this Docket.

The order, entered by the Circuit Court on the Motion of Carolina Water Service, Inc. (“CWS” or “the Company”) with the consent of the Office of Regulatory Staff, (“ORS”) remands this matter back to this Commission for further proceedings. While ORS did not seek rehearing of the Commission’s order when it was issued below, it joined the Company in seeking reversal of the Commission’s order on appeal. The consent order represents a settlement between these parties during the appeal of this case.

Specifically, the consent order rejected this Commission’s findings regarding the appropriate customer growth and directed this Commission to adopt the Office of Regulatory Staff’s (ORS’s) proposed customer growth adjustment. As noted on page 16 of the consent order, adoption of the customer growth adjustment requires the

Commission to set rates which allow CWS the opportunity to earn an additional \$1,117,000 in annual revenues.

Further, the consent order reverses this Commission's imposition of certain measures relating to water quality testing and the reporting of environmental compliance and customer complaint information, both of which this Commission believed to be essential to ensuring the Company's accountability to its customers. These measures will no longer be in effect, pursuant to the Circuit Court's consent order.

The following table summarizes the Company's financial operations following adoption of the terms of the consent order:

Table A

	\$
Operating Revenues	6,783,024
Operating Expenses	<u>5,602,428</u>
Net Operating Income	1,180,596
Add: Allowance for Funds Used During Construction	0
Customer Growth	<u>17,586</u>
Total Income For Return	<u>1,198,182</u>
Operating Margin (After Interest Expense of \$644,242)	8.17%
Rate Base	\$14,940,867
Return on Rate Base	8.02%
Return on Equity	9.10%

As shown by the chart above, the Order on Remand results in an allowable operating margin of 8.17%. The Order on Remand will result in an increase in various rates to the Company's customers. Specifically, there will be an increase of \$1.68 per month to the Company's residential and commercial sewer customers, an increase of \$1.01 per month for mobile home sewer customers, and an increase of \$0.90 (90 cents) per month for collection-only sewer customers, all increases being over the amounts originally ordered by this Commission in this Docket in Order No. 2005-328. The new rate schedule for the Company is attached to this Order as Exhibit A and shall be in effect as of the date of this Order.

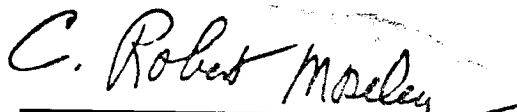
We have examined this matter, and we do not believe that we have any choice but to take action consistent with the terms of the consent order. Accordingly, we adopt the ORS customer growth adjustment and the resultant rates as shown on Appendix A are hereby adopted as of the date of this Order. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)

APPENDIX A

CAROLINA WATER SERVICE, INC.

FILED PURSUANT TO DOCKET NO. 2004-357-W/S – ORDER NO. 2007-135
EFFECTIVE DATE: MARCH 1, 2007

SCHEDULE OF RATES AND CHARGES

WATER

1. Monthly Charges

Residential

Base Facilities Charge per single family
house, condominium, mobile home
or apartment unit:

\$10.25 per unit

Commodity Charge:

\$3.32 per 1,000
gallons or 134 cft

Commercial

5/8" meter	\$ 10.25
1" "	\$ 25.62
1.5" "	\$ 51.25
2" "	\$ 82.00
3" "	\$164.00
4" "	\$256.25

Commodity Charge:

\$3.32 per 1,000
gallons or 134 cft

2. Charges for Water Distribution Only

Where water is purchased from a government body or agency or other entity
for distribution and resale by the Company, the following rates apply:

Residential

Base facilities Charge per single family
house, condominium, mobile home
or apartment unit:

\$10.25 per unit

Commodity charge:

\$1.90 per 1,000
gallons or 134 cft

Commercial

Base Facilities Charge
by meter size:

5/8" meter	\$ 10.25
1" "	\$ 25.62
1.5" "	\$ 51.25
2" "	\$ 82.00
3" "	\$164.00
4" "	\$256.25

Commodity charge: \$1.90 per 1,000
gallons or 134 cft

The Utility will also charge for the cost of water purchased from the government body or agency, or other entity. The charges imposed or charged by the government body or agency, or other entity providing the water supply will be charged to the Utility's affected customers on a pro rata basis without markup. Where the Utility is required by regulatory authority with jurisdiction over the Utility to interconnect to the water supply system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will also be charged to the Utility's affected customers on a pro rata basis, without markup.

Commercial customers are those not included in the residential category above and include, but are not limited to hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will

be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

2. Nonrecurring Charges

- | | |
|--|----------------|
| a. Water Service Connection (New connections only) | \$300 per SFE* |
| b. Plant Impact Fee (New connections only) | \$400 per SFE* |

3. Account Set-Up and Reconnection Charges

- a. Customer Account Charge - for new customers only.
- | | |
|-----------|----------|
| All Areas | \$ 13.50 |
|-----------|----------|
- b. Reconnection Charges:

In addition to any other charges that may be due, a reconnection fee of thirty five dollars (\$35.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been disconnected at the request of the customer.

4. Billing Cycle

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service, unless water supply is unavailable or unless the South Carolina Department of Health and

Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

6. Cross Connection Inspection Fee

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S. C. Code Ann. Regs. R.61-58.7.F.2 (Supp. 2003), as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A. S. C. Code Ann. Regs R61-58.7.F.8 (Supp. 2003), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a licensed certified tester and add the charges incurred by the Utility in that regard to the customer's next bill.

*A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities – 25 S. C. Code Ann. Regs. 61-67 Appendix A (Supp. 2003), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

SCHEDULE OF RATES AND CHARGES

SEWER

1. Monthly Charges

Residential - charge per
single-family house, condominium,
villa, or apartment unit: \$38.14 per unit

Mobile Homes - monthly charge: \$27.21 per unit

Commercial - monthly charge: \$38.14 per SFE*

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

Charge for Sewage Collection Service Only

When sewage is collected by the Utility and transferred to a government body or agency, or other entity, for treatment, the Utility's rates are as follows:

Residential – per single-family house,
condominium,
or apartment unit \$24.37 per unit

Commercial - monthly charge per
single-family equivalent \$24.37 per SFE*

The Utility will also charge for treatment services provided by the government body or agency, or other entity. The rates imposed or charged by the government body or agency, or other, entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of the 201/208 Plan or by other regulatory authority with jurisdiction over the Utility, to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

Solids Interceptor Tanks

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

A. Pumping Charge

At such time as the Utility determines through its inspection that excessive solids have accumulated in the interceptor tank, the Utility will arrange for pumping the tank and will include \$150.00 as a separate item in the next regular billing to the customer.

B. Pump Repair or Replacement Charge

If a separate pump is required to transport the customer's sewage from solids interceptor tank to the Utility's sewage collection system, the Utility will arrange to have this pump repaired or replaced as required and will include the cost of such repair or replacement and may be paid for over a one year period.

C. Visual Inspection Port

In order for a customer who uses a solids interceptor tank to receive sewage service from the Utility or to continue to receive such service, the customer shall install at the customer's expense a visual inspection port which will allow for observation of the contents of the solids interceptor tank and extraction of test samples there from. Failure to provide such a visual inspection port after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

2. Nonrecurring Charges

- | | |
|--|----------------|
| a) Sewer Service Connection (New connections only) | \$300 per SFE* |
| b) Plant Impact Fee (New connections only) | \$400 per SFE* |

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. Notification, Account Set-Up and Reconnection Charges

a. Notification Fee

A fee of four dollars (\$4.00) shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

b. Customer Account Charge - for new customers only.

All Areas

\$ 13.50

A one-time fee to defray the costs of initiating service. This charge will be waived if the customer also takes water service.

- c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty dollars (\$250.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. Where an elder valve has been previously installed, a reconnection charge of thirty-five dollars (\$35.00) shall be due. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly service charge for the service period they were disconnected.

4. Billing Cycle

Recurring charges will be billed monthly, in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Toxic and Pretreatment Effluent Guidelines

The Utility will not accept or treat any substance or material that has been

defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

6. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule and to comply with the guidelines and standards hereof, shall not be denied service, unless treatment capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving sewer system.

In no event will the Utility be required to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

- * A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loading for Domestic Wastewater Treatment Facilities –25 S. C. Code. Ann. Regs. 61-67 Appendix A (Supp. 2003), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.